

The Jobs Act

House Bill 2561

Summary by Rep. Hans Dunshee

THE GOAL

Create 38,000 jobs in every corner of Washington state by making our public schools and universities more energy efficient.

HOW IT WORKS

By using the money saved in lower power costs, we can create jobs today that pay for themselves in just a few years.

This creates the jobs we need today, especially for the hard-hit construction industry, and saves taxpayers money year after year in smaller bills to heat and cool public schools and buildings.

The state already does this on a smaller scale. It is not a theory; it is proven and it works.

BY THE NUMBERS

The Jobs Act would go large scale, with projects generating matching funds of almost three times that amount, which maximizes the number of jobs we can create and the energy savings to taxpayers.

The Jobs Act would be funded by the energy savings along with \$850 million in bonds, which would go before the voters in a referendum.

Each year, the energy efficiency work done by these projects would equal taking 105,000 houses off the grid and would save taxpayers \$190 million in lower energy costs.

ATTACHMENTS

- Timeline and energy savings
- Chart —energy savings, sales tax received, debt service
- Energy efficiency and repairs on schools
 - 59 school districts to receive \$17 million for energy efficiency improvements from 2009 Capital budget (12.23.09)
 - Success stories
- Energy savings projects in every corner of the state (list)
- Outline of the Jobs Act
- Full text the Jobs Act

The Jobs Act

Opportunity and better schools

Timeline

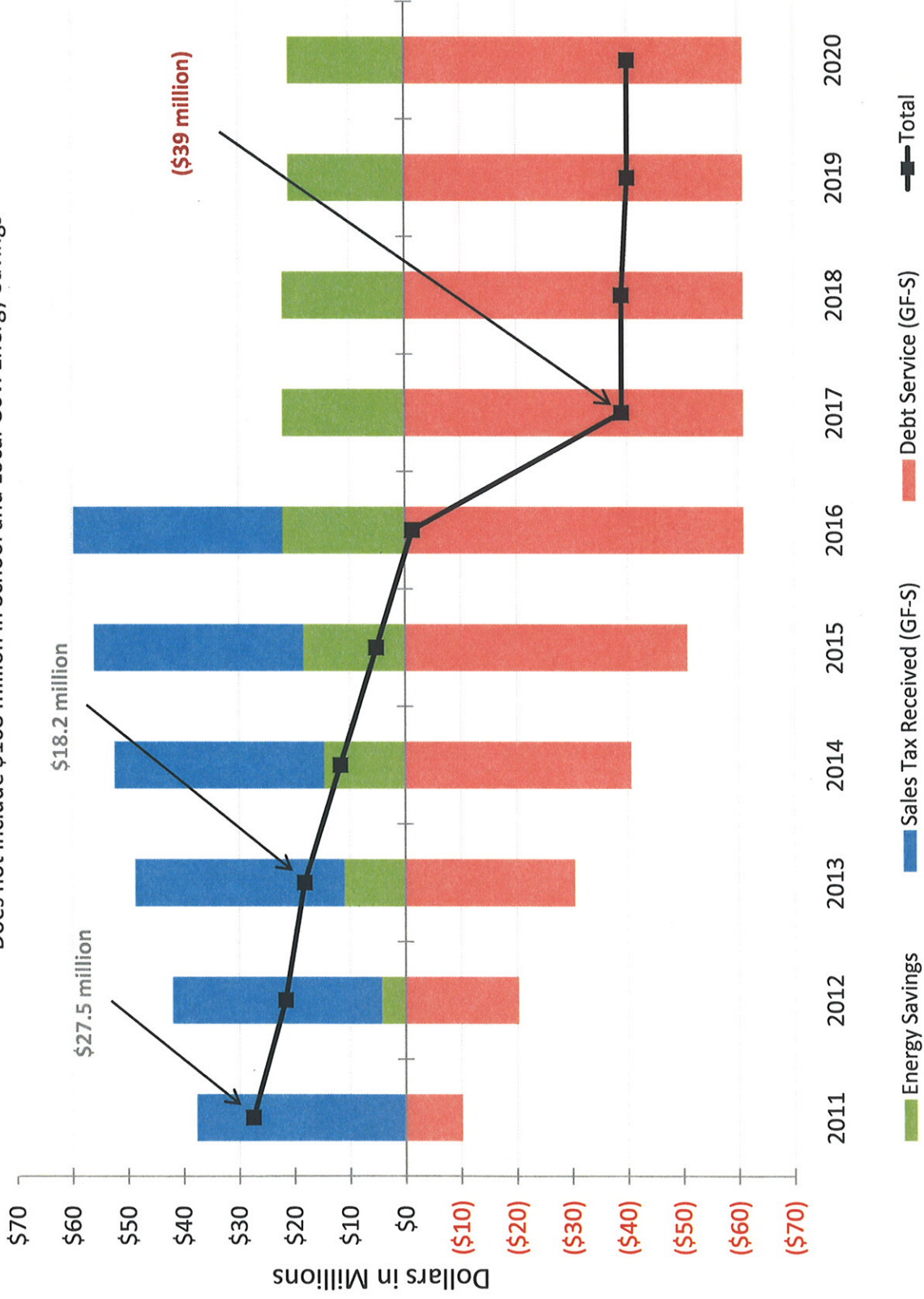
- November 2010: Referendum passes
- January 2011: Energy audits complete, first round of projects ready to apply.
- March 2011: Jobs begin as General Administration is prepared to award funds for construction.

Assumed Electricity saved/Carbon reduced from \$2 Billion in Energy Efficiency Projects (includes state grants, utility incentives, and other funds)

- The electricity saved per year would be equivalent to that used by 105,746 homes. (Source: Energy Information Administration, [http://tonto.eia.doe.gov/ask/electricity_faqs.asp#electricity use home](http://tonto.eia.doe.gov/ask/electricity_faqs.asp#electricity_use_home))
- The amount of carbon reduced would be equivalent to removing 154,896 cars from our highways. (Source: EPA)

Jobs Act - All State Funds

Does not include \$168 million in School and Local Gov. Energy Savings



Energy savings for state facilities (not including higher educational facilities) are from various fund sources for state agencies.
 Sales tax revenue from state, local, and K-12 schools is state general fund.
 Debt service is state general fund.
 Assumes distribution of bond funds over six years.

JOBS Act--Sales Tax Received, Energy Savings, Debt Service					
		Sales Tax Received (GF-S)	Energy Savings	Debt Service (GF-S)	Total
2011		\$ 37,666,667	\$ -	\$ (10,169,852)	\$ 27,496,815
2012		\$ 37,666,667	\$ 4,277,778	\$ (20,339,704)	\$ 21,604,740
2013		\$ 37,666,667	\$ 11,000,000	\$ (30,509,556)	\$ 18,157,110
2014		\$ 37,666,667	\$ 14,666,667	\$ (40,679,408)	\$ 11,653,925
2015		\$ 37,666,667	\$ 18,333,333	\$ (50,849,261)	\$ 5,150,739
2016		\$ 37,666,667	\$ 22,000,000	\$ (61,019,113)	\$ (1,352,446)
2017		\$ -	\$ 22,000,000	\$ (61,019,113)	\$ (39,019,113)
2018		\$ -	\$ 22,000,000	\$ (61,019,113)	\$ (39,019,113)
2019		\$ -	\$ 20,900,000	\$ (61,019,113)	\$ (40,119,113)
2020		\$ -	\$ 20,900,000	\$ (61,019,113)	\$ (40,119,113)

Recipients of Energy Grants Announced

59 school districts to receive almost \$17 million for energy efficiency improvements to schools

Office of the Superintendent of Public Schools, Randy Dorn

OLYMPIA — December 23, 2009 — Thanks to a grant program funded by the state Legislature, one out of every five school districts in Washington state will be able to complete necessary energy-related projects in school facilities.

A total of 59 districts will receive nearly \$16.7 million for projects that include upgrades to heating, ventilation and air conditioning systems, repair and upgrade of controls, and replacement of inefficient lighting. Districts were notified last week about their projects.

Students, teachers, and staff will benefit from better ventilation, more reliable heat, improved temperature controls, and improved lighting.

To qualify for the funds, districts were required to conduct audits of the school facilities to identify projects that could demonstrate guaranteed energy savings. The districts also had to show what local financial resources they had for the project.

A third source of money, about \$6.6 million, will come in the form of utility incentives, which are provided by utility companies to homes, schools and business for projects and purchases that reduce energy consumption.

The combination of state grant funds, district funds and utility incentives will total about \$43.3 million in construction projects in 23 counties around the state.

The projects will save an estimated \$2.1 million in energy costs each year. In units of energy – primarily electricity and natural gas – the savings can be compared to the annual energy use in 2,700 average Washington homes.

This grant program is administered by the Office of Superintendent of Public Instruction. The office received 81 grant applications.

2009 Energy Grant Award Recipients

School Facilities & Organization, Office of
Superintendent of Public Instruction
Contact: Patricia Jatczak, 360-725-4973

County School District Grant Award

Grays Harbor **Aberdeen** \$ 160,000
King **Auburn** \$ 170,000
Whatcom **Bellingham** \$ 400,000
Pierce **Bethel** \$ 350,000
Kitsap **Bremerton** \$ 400,000
Clark **Camas** \$ 334,021
Chelan **Cashmere** \$ 182,000
Kitsap **Central Kitsap** \$ 500,000
Lewis **Centralia** \$ 500,000
Stevens **Chewelah** \$ 125,000
Pierce **Clover Park** \$ 320,000
Skagit **Conway** \$ 247,054
Grays Harbor **Cosmopolis** \$ 50,000
Ferry **Curlew** \$ 91,342
Pend Oreille **Cusick** \$ 254,190
Columbia **Dayton** \$ 250,000
Yakima **East Valley Yakima** \$ 150,000
Snohomish **Edmonds** \$ 500,000
Snohomish **Everett** \$ 106,000
King **Federal Way** \$ 500,000
Pierce **Fife** \$ 500,000
Yakima **Grandview** \$ 124,000
Clark **Green Mountain** \$ 5,550
Clark **Hockinson** \$ 240,000
King **Kent** \$ 292,100
Benton **Kiona-Benton City** \$ 185,000
King **Lake Washington** \$ 375,000
Snohomimsh **Marysville** \$ 106,281
Snohomish **Monroe** \$ 500,000
Grays Harbor **Montesano** \$ 275,000
Yakima **Mount Adams** \$ 41,500
Whatcom **Mount Baker** \$ 500,000
Snohomish **Mukilteo** \$ 498,972
Yakima **Naches Valley** \$ 175,520
Kitsap **North Kitsap** \$ 350,000
Mason **North Mason** \$ 170,000
Stevens **Northport** \$ 190,000
King **Northshore** \$ 500,000
Grays Harbor **Oakville** \$ 60,000
Pacific **Ocean Beach** \$ 98,486
Thurston **Olympia** \$ 460,000
Stevens **Onion Creek** \$ 100,000

San Juan **Orcas Island** \$ 150,000
Pierce **Peninsula** \$ 500,000
Clallam **Port Angeles** \$ 285,000
King **Renton** \$ 500,000
Ferry **Republic** \$ 215,000
Spokane **Riverside** \$ 500,000
Klickitat **Roosevelt** \$ 30,000
King **Seattle** \$ 102,900
Mason **Shelton** \$ 500,000
Snohomish **Snohomish** \$ 401,068
Kitsap **South Kitsap** \$ 500,000
Spokane **Spokane** \$ 500,000
Pierce **Tacoma** \$ 500,000
King **Tahoma** \$ 213,534
King **Tukwila** \$ 450,550
Pierce **University Place** \$ 87,140
Klickitat **Wishram** \$ 6,778
TOTAL AWARDS \$ 16,778,986

The Jobs Act

Success stories

"Energy Performance contracts are a great way to reduce school district operating costs and to improve the quality of life of students and staff. It is a perfect vehicle for improving longstanding infrastructure problems without any up-front capital investment. The support of the General Administration's Division of Engineering and Architectural Services has been great. They have been a critical part of our success in reducing energy usage with our swimming pool."



Tom O'Brien

Facilities Director, S. Kitsap

"Through this program we were able to replace aging equipment with very little capital. We hand picked subcontractors that were familiar with our campus, which wouldn't have been possible in the typical design-bid-build process. As a result we got good quality work and contractors that worked well around our college staff. The project went great!"



Pete Babington

Director of Facilities, Highline C.C.

"The numbers tell the story for us. Our average monthly consumption has gone from over 6 million kilowatt hours to under 4 million kilowatt hours annually. We have aggressively used performance contracting to achieve these energy efficiencies and savings. We're convinced!"



Bob Bippert

Senior Deputy Assistant Director, Buildings and Grounds & Real Estate Services

Department of General Administration
Division of Engineering and Architectural Services
Facilities Engineering Section

Energy Project Case Study

Facility: **Pasco School District** Completed August 2003

Project Description: This project included retrofits to the existing lighting systems for Pasco School District, at Livingston Elementary School, Markham Elementary School, McGee Elementary School, McLoughlin Junior High School, and Stevens Junior High School.

Project Savings:	Annual Electrical Savings:	546,573 kWh	\$17,622
	Annual kW Demand Savings:	3682 kW	\$24,551
	Annual Maintenance Savings:		<u>\$ 5,914</u>
	Total Annual Avoided Cost:		\$48,087

Project Benefits: This project improved the lighting levels in the classrooms and, as a result, enhanced the learning environment for the students.

Environmental Benefits: Reduction in CO₂ of 699,694 pounds per year
Reduction in SO₂ of 3 pounds per year
Reduction in NO_x of 625 pounds per year
Reduction in Cooling Water of 409,930 gallons

Energy Companies: McKinstry Company, Franklin PUD, Big Bend Electric

Project Cost: \$578,408.13

Funding Source(s):	Pasco School District Capital Funds	Amount: \$475,228
	Franklin PUD and Big Bend Electric	Amount: \$103,180

Project Managers:

Tom Brandon, Capital Projects Manager, Pasco School District, (509) 546,2806
Kirsten Wilson, P.E., Energy Engineer, Dept. of General Administration (509) 533-8282
Cam Hamilton, Business Development Manager, McKinstry Company, (503) 331-2471

For more information please contact: Karen Purtee (360) 902-7194 or email kpurtee@ga.wa.gov
Visit our web site at <http://www.ga.wa.gov/cas/energy.html>

Department of General Administration
Division of Engineering and Architectural Services
Facilities Engineering Section

Energy Project Case Study

Facility: **Kitsap County Administration Complex
Courthouse, Jail and Public Works Buildings**

Project completed June 1, 2000

Project Description: Located at Port Orchard, Washington, this project focused on physical plant upgrades in several County facilities. This included: replacing two aging boilers with high efficiency units; replacing two multi-zone rooftop air handlers with triple deck units; and, replacing numerous air handlers having electric coils with new water coil units supplied from the new boiler. Other work included segregating a telecommunication room from the central air handler and installation of a dedicated air conditioner. Enhanced HVAC controls were installed in all of the facilities. There was a retrofit of fluorescent lights with T8 lamps and electronic ballast, replacement of incandescent fixtures with compact fluorescent and upgrading of exit signs to LED units.

Project Savings: Annual Electrical Savings:	2,028,350kWh	\$107,683
Annual kW Demand Savings:	5,244 kW	
Annual Natural Gas Savings:	20,846 Therms	\$ 10,400
Annual Maintenance Savings:		<u>\$ 10,966</u>
Total Annual Avoided Cost:		\$129,049

Environmental Benefits: Reduction in CO₂ of 3,378,480 pounds per year
Reduction in SO₂ of 15 pounds per year
Reduction in NO_x of 3,017 pounds per year

Energy Company: Puget Sound Energy

Project Cost: \$1,231,744

Funding Sources:	State Treasurer Loan	Amount: \$1,181,744
	Puget Sound Energy Grant	Amount: \$ 50,000

Project Managers:		
Walter Heil	Facility Manager, Kitsap County	(360) 337-7189
Roger Wigfield, P.E.	Energy Engineer, Dept. of General Administration	(360) 902-7198
Art Vertner	Abacus Engineered Systems	(206) 583-0200

For more information please contact: Karen Purtee (360) 902-7194 or email kpurtee@ga.wa.gov
Visit our web site at <http://www.ga.wa.gov/EAS/epc/espc.htm>



Washington State Department of
General Administration

Department of General Administration
Division of Engineering and Architectural Services
Facilities Engineering Section

Energy Project Case Study

Facility: **Kennewick School District** Completed November, 2002

Project Description: This project included demand controlled ventilation upgrades, lighting system upgrades and power factor correction at Kennewick High School, lighting system upgrades at the Kennewick High School Annex, and control system replacement, lighting system upgrades and power factor correction at Tri-Tech Skills Center.

Project Savings:	Annual Electrical Savings:	679,877 kWh	\$43,929
	Annual Natural Gas Savings:	24,823 Therms	\$19,114
	Annual Maintenance Savings:		<u>\$ 9,939</u>
	Total Annual Avoided Cost:		\$72,982

Project Benefits: This project improved the indoor air quality at both Kennewick High School and at Tri-Tech Skills Center.

Environmental Benefits: Reduction in CO₂ of 1,891,404 pounds per year
Reduction in SO₂ of 8.2 pounds per year
Reduction in NO_x of 1,609 pounds per year
Reduction in cooling water of 528,525 gallons

Energy Companies: McKinstry Company, Benton County PUD, Cascade Natural Gas

Project Cost: \$505,603

Funding Source(s):	Kennewick School District Capital Funds	Amount: \$385,603
	Benton County PUD	Amount: \$120,000

Project Managers:
Wayne Sealock, Resource Conservation Manager, Kennewick School District, (509) 734-3749
Kirsten Wilson, P.E. Energy Engineer Dept. of General Administration (509) 533-8282
Cameron Hamilton, Project Manager, McKinstry Company, (206) 832-8146

For more information please contact: Karen Purtee (360) 902-7194 or email kpurtee@ga.wa.gov

ENERGY SAVINGS PERFORMANCE CONTRACTING PROJECTS

PUBLIC SCHOOL DISTRICTS

Active Projects - 16

Camas	Mt. Vernon	Selah
Central Kitsap	Naches	Shelton
Clarkston	North Kitsap	South Kitsap
East Valley	Pateros	University Place
Federal Way	Peninsula	
Highline	Seattle	

Pending Projects - 9

Auburn	Port Angeles	Tacoma
Olympia	South Whidbey	Seattle
Pasco	Spokane	Vancouver

Past Projects - 78

Aberdeen	Grandview	Peninsula
Asotin-Anatone	Highland	Port Angeles
Auburn	Highline	Port Townsend
Bainbridge Island	Kennewick	Prosser
Battle Ground	Kent	Pullman
Bellevue	Kiona-Benton	Quilcene
Bethel	LaCenter	Quinault Lake
Bremerton	Lake Stevens	Rainier Beach
Burlington-Edison	Lake Washington	Renton
Cascade	Lakewood	Richland
Castle Rock	Liberty	Riverview
Central Valley	Lind	Seattle
Chewelah	Longview	Sedro-Woolley
Chimacum	Mt Vernon	Shelton
Clover Park	Mukilteo	Shoreline
Colfax	Naches Valley	Snohomish
Columbia-Burbank	Newport	Stanwood-Camano
Coupeville	North Mason	Tahoma
Davenport	North Thurston	Vancouver
Edmonds	Northshore	Wapato
Ellensburg	Oakville	Wenatchee
Enumclaw	Okanogan	West Valley
Everett	Olympia	White River
Evergreen	Omak	Yakima
Ferndale	Oroville	Yelm
Fircrest	Orting	Zilla
	Pasco	

PUBLIC HIGHER EDUCATION INSTITUTIONS		
Active Projects - 14		
Bates Technical College Bellevue CC Central Washington University Eastern Washington University Edmonds CC	Evergreen State College Olympic College Seattle Central CC South Puget Sound CC Spokane CC	University of Washington UW/Bothell/Cascadia CC Walla Walla CC Washington State University
Pending Projects - 3		
University of Washington/Bothell	Peninsula College	Bellingham Technical
Past Projects - 24		
Bellevue CC Bellingham Technical Big Bend CC Central WA University Edmonds CC Everett CC Green River CC Highline CC	Lake Washington Technical Lower Columbia College North Seattle CC Peninsula College Pierce College Renton Technical Seattle Central CC Shoreline CC	Skagit Valley College South Puget Sound CC South Seattle CC Spokane CC Tacoma CC Wenatchee Valley College Western WA University Whatcom CC
STATE AGENCIES		
Active Projects - 11		
Corrections Eastern WA Historical Society Ecology General Administration	Labor and Industries School for the Blind School for the Deaf Social and Health Services	Transportation Veterans Affairs WA State Patrol
Past Projects - 11		
Corrections Eastern WA Historical Society Ecology General Administration	Information Services Labor and Industries School for the Blind School for the Deaf	Social and Health Services Transportation Veterans
CITIES		
Active Projects - 10		
Burien Edmonds Kennewick Kirkland	Lynnwood Olympia Port Angeles	Spokane Vancouver Washougal
Pending Projects - 2		
Tumwater	Tacoma	
Past Projects - 15		
Bellevue Bellingham Bothell Fife (Pool) Kent	Kirkland Lacey Lynnwood Mountlake Terrace Newport	Port Orchard Prosser Pullman Tacoma (Dome) Walla Walla

COUNTIES		
Active Projects - 5		
Benton Clark	King Co. Facilities Mgmt. Skagit	Skamania
Pending Projects - 4		
Franklin King County (Natural Res.)	Kitsap	Thurston
Past Projects - 9		
Benton Clark Cowlitz	King Co. Housing Kitsap Pend Oreille	Snohomish Walla Walla Whatcom
PORTS		
Active Projects - 1		
Seattle		
Past Projects - 2		
Port Orchard	Sunnyside	
OTHER ENTITIES		
Active Projects - 5		
Evergreen Healthcare LOTT Alliance	North Valley Hospital Othello Hospital	Valley Medical Center
Past Projects - 5		
Columbia Basin Coulee Community	Dayton General Ferry Memorial	Jefferson

Washington state lost 33,100 construction jobs in 2009

Puget Sound Business Journal (Seattle)
Monday, January 4, 2010

The state of Washington lost 33,100 construction jobs in the past year as construction employment dropped in nearly every large city in America, according to a trade group study.

According to the Arlington, Va.-based Associated General Contractors of America, construction employment dropped in 324 out of 337 metropolitan areas over the past year and spending on construction projects dropped by over \$137 billion in November to a six-year low of \$900 billion.

Some parts of Washington state were hit more severely than others. The Wenatchee-East Wenatchee area saw a drop of 28 percent in construction/mining/logging jobs, falling to 3,400 in November 2009 from 4,100 in November 2008.

In the Seattle-Bellevue-Everett area, the number of construction jobs fell by 18 percent in the past year, falling to 77,000 in November from 93,600 a year earlier.

“Private nonresidential construction is in freefall, with every category except private power construction down sharply compared to a year ago. Those cuts are causing layoffs in virtually every part of the country for tens of thousands of skilled construction workers,” said Ken Simonson, the association’s chief economist, in a statement.

Summary of Jobs Act Referendum Bill

Part I

Short Title and Intent

Section 101: The act is named the Jobs Act.

Section 102: The legislative intent is to create jobs throughout Washington by issuing bonds for energy efficiency projects in public schools, colleges, universities, and other public buildings.

Part II

Bond Authorization

Section 201: The State Finance Committee is authorized to issue general obligation bonds in the amount of \$861 million.

Section 202: Bond provisions.

Section 203: The bonds are a general obligation of the state, and the full faith and credit of the state is pledged to pay the debt service.

Part III

Appropriations

Section 301: The Department of Commerce, in consultation with the Department of General Administration and the Washington State University Energy Program will administer the Jobs Act.

Definitions are included in this section.

Section 302:

- (1) An appropriation is made to the Department of Commerce in the amount of \$858.5 million for the following:
 - Grants may be awarded to public K-12 school districts, public higher education institutions, and other state and local governments, and subdivision of the state.
 - Projects include energy operational cost savings improvements and *related* projects that result in energy and utility cost savings and operational cost savings.
- (2) The Department of Commerce must consult with the Department of General Administration and the Washington State University Energy Program to establish a competitive process to solicit and evaluate applications.
- (3) Grants must be awarded in competitive rounds:

Round 1:

- Grants to public K-12 school districts and public higher education institutions.
- At least five percent of the total grant round must be awarded to small K-12 school districts (fewer than 1,000 FTEs).

Round 2:

- Grants to K-12 school districts, public higher education institutions, and state and local governments and subdivisions of the state.
- Up to 75 percent of the total grant round must be awarded to K-12 school districts and higher education institutions.
- Within the 75 percent, at least five percent of the grants awarded must be for small K-12 school districts.

Additional competitive rounds:

- Addition competitive rounds must be distributed the same as in round 2.
- (4) Within each competitive round, projects must be weighted and prioritized by the following criteria and in the following order:
- Leverage ratio: The higher the ratio of non-state funding sources to state grant, the higher the project ranking.
 - Energy savings: The higher the energy savings, the higher the project ranking. Applicants must submit documentation that exhibits the energy savings.
 - Expediency of expenditure.
- (5) Projects not using Energy Saving Performance Contracting (ESPC) must:
- Verify energy cost savings for ten years.
 - Follow the Department of General Administration's ESPC project guidelines.
 - Employ a licensed engineer for the energy audit and construction.

The Department of Commerce may require third party verification of savings if a project is not using an Energy Savings Performance Contractor (ESCO) selected through General Administration's request for qualifications process.

Third party verification must be conducted either by an energy savings performance contractor selected by the Department of General Administration's request for qualifications or by a project or educational service district resource conservation manager.

- (6) The Department of Commerce may only award funds to the top 85 percent of projects applying in a round until Commerce determines a final round is appropriate.
- (7) Grant amounts awarded to each project must allow for the maximum number of projects funded with the greatest energy and cost benefit.
- (8) Audits:
- The Department of Commerce must pay for one-half of the cost of the preliminary audit, up to five cents per square foot, if the project does not meet the public owner's cost effectiveness criteria. The public owner must pay the other half of the preliminary audit.
 - The ESCO shall not charge for an investment grade audit if the project does not meet the public owner's cost effectiveness criteria.
 - The public owner must pay the full price of an investment grade audit if they do not proceed with a project that meets the cost effectiveness criteria.
- (9) The Department of Commerce may charge administrative fees to projects and may pay the Department of General Administration and Washington State University Energy Program administration fees.
- (10) The departments of Commerce and General Administration must submit a joint report to the Legislature and the Office of Financial Management on the timing and use of the grant funds, program administration function, and administration fees by the end of each fiscal year, until the funds are fully expended and all savings verification requirements are fulfilled.

Part IV

Technical Provisions

Section 401: Bond technical provisions.

- (3) The State Treasurer must determine a mechanism to allow individual Washington State residents to purchase Jobs Act Bonds.

Section 402 and 403: Bond technical provisions.

Section 404: The Washington Works Account is created to receive bond proceeds, and the appropriations are made from this account.

Part V

Referendum Provisions

Section 501: The Secretary of State must submit Parts I and II to the people for their adoption and ratification, or rejection, at the next general election to be held in November 2010.

The statement of subject and concise description for the ballot title shall read: "The legislature has passed House Bill No . . . (this act), concerning job creation through school and other public capital projects. This bill would promote job creation by authorizing bonds to construct energy operational cost savings improvements and related projects to schools and other public facilities."

Section 502: If the voters do not approve Parts I and II, the remainder of the bill is null and void.

HOUSE BILL 2561

AN ACT Relating to creating jobs by funding construction of energy cost saving improvements to public facilities; adding a new chapter to Title 43 RCW; creating new sections; making an appropriation; and providing for submission of certain sections of this act to a vote of the people.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

PART I

SHORT TITLE AND INTENT

NEW SECTION. **Sec. 101.** This act may be known and cited as the jobs act.

NEW SECTION. **Sec. 102.** The legislature intends to create jobs in every corner of Washington state by issuing bonds, which will catalyze energy savings and repair work at public schools, state colleges and universities, and other public buildings.

It is the intent of the legislature that these investments will create jobs quickly and directly, at a time when the state's residents need jobs.

The legislature intends that these job-creating projects save taxpayers money, with an estimated one hundred ninety-one million dollars saved each year in public schools and buildings through reduced energy and operational costs, and improve the health and safety of those buildings. The energy savings are equivalent to the use of an estimated one hundred thirty thousand houses. It is also the intent of the legislature that these job-creating projects lead to reduced pollutants, as the weatherization and energy efficiency projects will reduce pollution emissions by an estimated amount equivalent to removing one hundred ninety-five thousand cars from the roads each year.

PART II

BOND AUTHORIZATION

NEW SECTION. **Sec. 201.** (1) For the purpose of creating jobs by constructing needed capital improvements to public facilities for energy operational cost savings, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of eight hundred sixty-one million dollars, or so much thereof as may be required, for this purpose and all costs incidental thereto. The bonds issued under the authority of this section are known as jobs act bonds.

(2) Bonds authorized in this section must be sold in the manner, at the time or times, in amounts, and at such prices as the state finance committee determines.

(3) The authorization to issue bonds contained in this chapter does not expire until the full authorization has been issued.

(4) No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

NEW SECTION. **Sec. 202.** (1) The nondebt-limit reimbursable bond retirement account must be used for the payment of the principal of and interest on the bonds authorized in section 201 of this act.

(2) The state finance committee must, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing twelve months to meet the bond retirement and interest requirements on the bonds authorized in section 201 of this act.

NEW SECTION. **Sec. 203.** (1) Bonds issued under this section and sections 201 and 202 of this act must state that they are a general obligation of the state of Washington, must pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and must contain an unconditional promise to pay the principal and interest as the same shall become due.

(2) The owner and holder of each of the bonds or the trustee for the owner and holder of any of the bonds may by mandamus or other appropriate proceeding require the transfer and payment of funds as directed in this section.

PART III

APPROPRIATIONS

NEW SECTION. **Sec. 301.** (1) The department of commerce, in consultation with the department of general administration and the Washington State University energy program, shall administer the jobs act.

(2) The department of general administration must develop guidelines that are consistent with national and international energy savings performance standards for the implementation of energy savings performance contracting projects by the energy savings performance contractors by December 31, 2010.

(3) The definitions in this section apply throughout this chapter and section 302 of this act unless the context clearly requires otherwise.

(a) "Cost-effectiveness" means that the present value to a state agency, school district, local government, or subdivision of the state of the energy reasonably expected to be saved or produced by a facility, activity, measure, or piece of equipment over its useful life, including any compensation received from a utility or the Bonneville power administration, is greater than the net present value of the costs of implementing, maintaining, and operating such facility, activity, measure, or piece of equipment over its useful life, when discounted at the cost of public borrowing.

(b) "Energy equipment" means energy management systems and any equipment, materials, or supplies that are expected, upon installation, to reduce the energy use or energy cost of an existing building or facility, and the services associated with the equipment, materials, or supplies, including but not limited to design, engineering, financing, installation, project management, guarantees, operations, and maintenance. Reduction in energy use or energy cost may also include reductions in the use or cost of water, wastewater, or solid waste.

(c) "Energy savings performance contracting" means the process authorized by chapter 39.35C RCW by which a company contracts with a public agency to conduct energy audits and guarantee energy savings from energy efficiency.

(d) "Operational cost savings" means savings realized from parts, service fees, capital renewal costs, and other measurable annual expenses to maintain and repair systems. This definition does not mean labor savings related to existing facility staff.

(e) "Public facilities" means buildings, building components, and major equipment or systems owned by state agencies, public school districts, local governments, and subdivisions of the state.

(f) "Simple payback" means the total project cost including tax and fees less utility incentives divided by the first year energy savings.

NEW SECTION. **Sec. 302. FOR THE DEPARTMENT OF COMMERCE**

Jobs Act

The appropriation in this section is subject to the following conditions and limitations:

(1) The appropriation is provided solely for grants to K-12 public school districts, public higher education institutions, and other state, locally, and subdivision of the state-owned public facilities for energy and operational cost savings improvements and related projects that result in energy and utility and operational cost savings, as defined in section 301 of this act. Related projects are those projects that must be completed in order for the energy efficiency improvement to be effective.

(2) The department of commerce, in consultation with the department of general administration, and the Washington State University energy program shall establish a competitive process to solicit and evaluate applications from K-12 public school districts, public higher education institutions, state agencies, local governments, and subdivisions of the state. Final grant awards shall be determined by the department of commerce.

(3) Grants must be awarded in competitive rounds, as provided in this subsection:

(a) Round 1: Grants to K-12 public school districts and public higher education institutions, with at least five percent of the total grant round for small K-12 school districts with fewer than 1,000 full-time equivalent students.

(b) Round 2: Grants to K-12 public school districts, public higher education institutions, state agencies, local governments, and subdivisions of the state. Up to seventy-five percent of the total grant round must be awarded to K-12 school districts and higher education institutions. Within the seventy-five percent, at least five percent of the grants awarded must be for K-12 school districts with fewer than 1,000 full-time equivalent students.

(c) Additional competitive rounds: Grants shall be distributed the same as established in (b) of this subsection.

(4) Within each competitive round, projects must be weighted and prioritized based on the following criteria and in the following order:

(a) Leverage ratio: In each round, the higher the leverage ratio of nonstate funding sources to state jobs act grant, the higher the project ranking.

(b) Energy savings: In each round, the higher the energy savings, the higher the project ranking. Applicants must submit documentation that demonstrates energy and operational cost savings resulting from the installation of the energy equipment and improvements. The documentation must include but is not limited to the following:

(i) A description of the energy equipment and improvements; and

(ii) A description of the energy and operational cost savings.

The energy savings analysis shall be performed by a licensed engineer.

(c) Expediency of expenditure: Project readiness to spend funds must be prioritized so that the legislative intent to expend funds quickly is met.

(5) Projects that do not use energy savings performance contracting must: (a) Verify energy and operational cost savings, as defined in section 301 of this act, for ten years, (b) follow the department of general administration's energy savings performance contracting project guidelines developed pursuant to section 301 of this act, and (c) employ a licensed engineer for the energy audit and construction. The department of commerce may require third-party verification of savings if a project is not implemented by an energy savings performance contractor selected by the department of general administration through the request of qualifications process. Third-party verification must be conducted either by an energy savings performance contractor selected by the department of general administration through a request for qualifications or by a project or educational service district resource conservation manager.

(6) To intensify competition, the department of commerce may only award funds to the top eighty-five percent of projects applying in a round until the department of commerce determines a final round is

appropriate. Projects that do not receive a grant award in one round may reapply in subsequent rounds.

(7) Grant amounts awarded to each project must allow for the maximum number of projects funded with the greatest energy and cost benefit.

(8) The department of commerce must use bond proceeds to pay one-half of the preliminary audit, up to five cents per square foot, if the project does not meet the public owner's predetermined cost-effectiveness criteria. The public owner must pay the other one-half of the cost of the preliminary audit if the project does not meet the public owner's predetermined cost-effectiveness criteria. The energy savings performance contractor shall not charge for an investment grade audit if the project does not meet the public owner's predetermined cost-effectiveness criteria. The public owner must pay the full price of an investment grade audit if they do not proceed with a project that meets the owner's predetermined cost-effectiveness criteria.

(9) The department of commerce may charge projects administrative fees. The department of commerce may pay the department of general administration and the Washington State University energy program administration fees in an amount determined through a memorandum of understanding.

(10) The department of commerce and the department of general administration must submit a joint report to the appropriate committees of the legislature and the office of financial management on the timing and use of the grant funds, program administrative function, and administration fees by the end of each fiscal year, until the funds are fully expended and all savings verification requirements are fulfilled.

Appropriation:

Washington Works Account--State..... \$858,500,000

Prior Biennia (Expenditures)..... \$0

Future Biennia (Projected Costs)..... \$0

TOTAL..... \$858,500,000

PART IV

TECHNICAL PROVISIONS

NEW SECTION. **Sec. 401.** (1) The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 201 of this act.

(2) The issuance of bonds under this chapter is not deemed to be the only method to fund projects under this chapter.

(3) The office of the state treasurer must determine a mechanism to allow individual Washington state residents to purchase jobs act bonds.

NEW SECTION. **Sec. 402.** The bonds authorized by this chapter constitute a legal investment for all state funds or for funds under state control and all funds of municipal corporations.

NEW SECTION. **Sec. 403.** The state finance committee is authorized to prescribe the form, terms, conditions, and covenants of the bonds provided for in this act, the time or times of sale of all or any portion of them, and the conditions and manner of their sale and issuance.

NEW SECTION. **Sec. 404.** The Washington works account is created in the state treasury. All receipts from bonds authorized under section 201 of this act must be deposited in the account. Moneys in the account may be spent only after appropriation. The proceeds from the sale of the bonds authorized in section 201 of this act shall be deposited in the account. Moneys in the account shall be used exclusively for:

(1) The purposes of sections 301 and 302 of this act, which includes energy operation cost savings improvements and related projects that result in energy and operational cost savings for public schools and other state and locally owned public facilities; and

(2) The payment of the expenses incurred in connection with the sale and issuance of the bonds.

PART V

REFERENDUM PROVISIONS

NEW SECTION. **Sec. 501.** (1) The secretary of state shall submit sections 101 through 203 of this act to the people for their adoption and ratification, or rejection, at the next general election to be held in this state, in accordance with Article II, section 1 and Article VIII, section 3 of the state Constitution and the laws adopted to facilitate their operation.

(2) If the people ratify this act as specified under subsection (1) of this section, revenues generated shall be spent as detailed in this act.

(3) Pursuant to RCW 29A.72.050(6), the statement of subject and concise description for the ballot title shall read: "The legislature has passed House Bill No (this act), concerning job creation through school and other public capital projects. This bill would promote job creation by authorizing bonds to construct energy operational cost savings improvements and related projects to schools and other public facilities."

NEW SECTION. **Sec. 502.** This act is contingent upon approval by the voters of sections 101 through 203 of this act. If sections 101 through 203 of this act are not approved by the voters by December 1, 2010, this act is null and void.

NEW SECTION. **Sec. 503.** Sections 201 through 203, 301, and 401 through 404 of this act constitute a new chapter in Title 43 RCW.